

PS2011.03 PROMPT PAYMENT ACT



Program Statement

OPI: ADM
NUMBER: 2011.03
DATE: June 13, 1994
SUBJECT: Prompt Payment Act

1. PURPOSE AND SCOPE. This Program Statement establishes the policies and procedures to be followed at each payment site to ensure compliance with the Prompt Payment Act, Office of Management and Budget Circular A-125.

The Prompt Payment Act (the Act) was originally enacted as Public Law 97-177 in May 1982 and was amended in October 1988 as Public Law 100-496. The Act requires Federal agencies to make payments on time, to pay interest penalties when payments are late, and to take discounts only when payments are made within the discount period. The provisions within the Act provide for timely payment of obligations, better relationships with contractors, improved competition for Government business, and reduced costs to the Government for property and services.

Agencies must make payments under contracts as prescribed in the Act no later than the due date, or if appropriate, the discount date. Payments must be based on receipt of a proper invoice and satisfactory performance of the purchase order or contract terms. Discounts may be taken only when payments are made on or before the discount date. If agencies take discounts after the discount date or if they fail to make timely payments, interest must be paid. Interest must be paid automatically without vendors having to request it. The cost of the interest payment is absorbed from the Cost Center procuring the goods or services. Temporary unavailability of funds does not relieve agencies of the obligation to pay interest.

2. DIRECTIVES REFERENCED

P.S. 2000.02 Accounting Management Manual Chapter 10730
 (10/15/86)
P.S. 2011.02 Prompt Payment Act Quality Control Reviews
 (04/18/94)

OMB Circular A-125 Prompt Payment
Treasury Financial Manual I TFM 8040.30

3. STANDARDS REFERENCED

a. American Correctional Association Foundation/Core Standards for Adult Correctional Institutions: C2-4018.

b. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: 3-4031.

c. American Correctional Association Foundation/Core Standards for Adult Local Detention Facilities: FC2-5005.

d. American Correctional Association 3rd Edition Standards for Adult Local Detention Facilities: 3-ALDF-1B-04.

4. DEFINITIONS. For purposes of this Program Statement, the following definitions apply.

a. Acceptance. Acknowledgement by the Agency (BOP) that the goods or services received agree with the order.

b. Applicable Interest Rate. The rate established by the Secretary of the Treasury for interest payments which is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate" and is published semiannually in the Federal Register on or about January 1 and July 1.

c. Contract. Any enforceable agreement, including rental and lease agreements, purchase orders, service contracts, and blanket purchase agreements.

d. Day. Calendar day(s), including weekends and holidays, unless otherwise indicated.

e. Designated Billing Office. The office designated in the contract to first receive the invoice.

f. Discount Date. The date by which, if payment is made, a specified reduction, or discount, to the payment amount may be taken.

g. Due Date. The date on which payment should be made.

h. Invoice. A bill or written request for payment provided by the vendor for goods or services rendered.

i. Payment Date. The date on which a check for payment is dated, or the date an electronic fund transfer (EFT) payment is received at the vendor's financial institution.

j. Receipt of Invoice. For the purposes of determining the start date and the date on which interest will begin to accrue, an invoice shall be deemed to be received:

(1) on the later of:

(a) the date a proper invoice is actually received by the designated billing office if the invoice is stamped or annotated with the date of receipt at the time of receipt, or

(b) the seventh day after the date on which the property is actually delivered or the performance of services is actually completed (unless actually accepted by the agency before the seventh day or otherwise stated in the contract); or

(2) the date placed on the invoice by the vendor, if the agency fails to annotate the invoice with the date of receipt at the time of receipt.

k. Receiving Report. Written evidence of acceptance of goods or services by a Government official.

l. Vendor. Any person, organization, or business concern engaged in a business, including State and local Governments (but excluding Federal entities or agencies).

5. REVIEWING DOCUMENTS. The three key documents required in order to make payment are the invoice, receiving report, and purchase order. Refer to the Accounting Management Manual, Chapter 10730, Paragraph e.2.

a. Reviewing the Invoice. When reviewing invoices, the following procedures are to be followed:

(1) All invoices received must be date-stamped with the date the invoice was received by the office first designated to receive the invoice (designated billing office). The purchase order/contract must be reviewed to determine the designated billing office.

(2) Each invoice will be reviewed immediately after receipt to determine if it is a proper invoice.

(a) Proper Invoice. The following correct information comprises a proper invoice and is required as payment documentation:

- (i) the name and address of the vendor or contractor and invoice date,
- (ii) contract number or other authorization for delivery of property or service,
- (iii) the order number and the contract line item number,
- (iv) description, price, and quantity of property and/or services actually delivered or rendered,

- (v) the extended price of the supplies or services,
- (vi) shipping and payment terms,
- (vii) the Bill of Lading number and weight, if applicable,
- (viii) other substantiating documentation or information as required by the contract, and
- (ix) the name, title, telephone number, and complete mailing address of the responsible official to be notified in the event of a defective invoice and to whom payment is to be sent.

(b) Defective Invoices. If the invoice is determined to be improper, the invoice must be returned to the vendor specifying the reason(s) why the invoice is not proper, as soon as possible, but not later than:

- (i) three days for meat or meat food products and fresh or frozen fish,
- (ii) five days for perishable agricultural commodities, dairy products, and edible fats and oils, and
- (iii) seven days for all other categories after receipt of the invoice.

The date of return is the date the properly annotated defective invoice has been mailed back to the vendor.

The number of days available to make a timely payment is reduced by the number of days late in notifying the vendor of a defective invoice.

Example 1: Pandora's Boxes, Inc.

Defective Invoice Received: August 5
Invoice Returned to Vendor: August 20
Payment Terms: 30 days

When the corrected invoice is resubmitted by the vendor, the number of days available to make the payment without incurring an interest penalty is 22 days (30-8 (15-7=8)).

Example 2: Paul's Peppers

Defective Invoice Received: November 3
Invoice Returned to Vendor: November 12
Payment Terms: 10 days

When the corrected invoice is resubmitted by the vendor, the number of days available to make the payment without incurring an interest penalty is 6 days (10-4 (9-5=4)).

b. Reviewing the Receiving Report. Payment cannot be made prior to the Government receiving and accepting the goods or services, even if interest may be accruing or an early payment discount may be lost.

(1) Proper Receiving Report. A proper Receiving Report contains the following:

- (a) contract or other authorization number,
- (b) product or service description,
- (c) quantities received,
- (d) date(s) goods or services delivered and accepted, and
- (e) the signature of the receiving clerk.

(2) Timely Acceptance. To determine the start of the payment period, acceptance of goods or services must take place within seven days following receipt of the goods or services, unless other terms are included in the contract. If the person completing the receiving report uses an acceptance date that is in excess of seven days following receipt of the goods or services and the contract does not specify a longer acceptance period, the acceptance date to be used in determining when the invoice is to be paid is the seventh day after receipt of the goods or services, as long as a proper invoice has been received by the designated billing office.

Example: An invoice was received and date-stamped by the designated billing office on November 5. The receiving report states the goods were received on October 30 and accepted on November 9 (the contract does not allow special acceptance terms). It took 10 days to accept the goods; therefore, the date to be used in determining the start date is November 6 (October 30 + seven days).

The receiving reports are to be forwarded in time for the payment office to receive them by the fifth working day after acceptance. The payment office shall annotate the receiving reports with the date received.

c. Reviewing the Contract/Purchase Order. The following information from the contract is required as payment documentation:

- (1) payment due date(s),
- (2) a notation that partial payments are prohibited as stated in the contract, if applicable,

(3) for construction contracts, payment due dates for approved progress payments or milestone payments for completed phases, increments, or segments of a project,

(4) if applicable, a statement that the special payment provisions of the Packers and Stockyard Act of 1921 (7 U.S.C. 182(3)) or the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(4)) apply,

(5) the name, title, telephone number, and complete mailing address of the officials of the Government's designated billing office and of the vendor receiving the payments, and

(6) reference to requirements under the Prompt Payment Act, including the payment of interest penalties on late invoice payments, and including progress payments under construction contracts.

6. DETERMINING THE PAYMENT DUE DATE

a. Starting the Payment Period. The period available to make a timely payment of an invoice without incurring interest is determined by the date an invoice is received. An invoice is considered to be received:

(1) on the later of:

(a) the date a proper invoice is actually received by the designated billing office if the invoice is stamped or annotated with the date of receipt at the time of receipt, or

(b) the seventh day after the date on which the property is actually delivered or the performance of services is actually completed (unless actually accepted by the agency before the seventh day or otherwise stated in the contract); or

(2) the date placed on the invoice by the vendor, if the agency fails to annotate the invoice with the date of receipt at the time of receipt.

If the Community Corrections Office (CCO) is listed in the contract as the designated billing office, the payment period begins when the CCO receives the invoice.

b. F.O.B. Origin. The following clause may be in the GSA Contract of the vendor being used:

"...When supplies are purchased F.O.B. Shipping Point/Origin, the Government assumes title upon acceptance by the common carrier, and payment should be made upon the contractor's submission of proper invoices and proof of shipment without regard as to whether supplies have reached their ultimate destination..."

When this clause is in the GSA Contract and the invoice has been received before the goods have been accepted by the common carrier, the payment period begins on the date the common carrier accepts the items. However, if the invoice has not been received before the the common carrier accepts the goods, the payment period will begin when a proper invoice and proof of shipment have been received (rather than the shipment date), regardless as to whether the goods have been received.

c. Due Dates. The Prompt Payment Act provides the following criteria for determining due dates:

(1) Meat and meat food products and fresh or frozen fish: Not later than 7 days after date of delivery;

(2) Perishable agricultural commodities: Not later than 10 days after date of delivery;

(3) Dairy products, edible fats or oils, food products: Not later than 10 days after receipt of a proper invoice;

(4) Charge Account purchases: 30 days after receipt of statement;

(5) Construction Progress Payment request: 14 days after receipt of a payment request or a longer period, specified in the contract, if required to afford the Government an opportunity to adequately inspect the work and to determine the adequacy of the contractor's performance under the contract.

(6) All other types of construction payment requests (partial payments, amount retained, final payment, etc.) shall be due on the 30th day after receipt of a proper invoice or the Government's acceptance, whichever is later;

(7) Payments as a result of all A&E requests: 30 days after receipt of a proper invoice or the Government's acceptance of the work, whichever is later;

(8) Unauthorized Procurements: The payment due date is calculated from the date the Contracting Officer signs the ratification;

(9) All other goods and services: On the date(s) specified in the contract or, if a payment due date is not specified, 30 days after the start of the payment period.

The above due dates apply unless otherwise specified in the contract or purchase order. Contract or purchase order payment due dates supersede any specific prompt payment due dates.

When computing the due date, the date the invoice is received is not counted. Instead, the first day after the day the invoice is received is day one of the payment period.

Example 1: Bessie's Moo Factory

Invoice Received: May 5
Goods Received: May 1
Goods Accepted: May 6
Due Date: May 15

The payment period begins on May 5 because the payment terms for dairy products are 10 days after receipt of a proper invoice.

Example 2: Jim's All-Stars

Invoice Received: June 30
Goods Received: June 30
Goods Accepted: July 2
Vendor notified of defective invoice: July 10
Corrected invoice received: July 14
Due Date: August 10

The payment period begins on July 15, after the corrected invoice is received. However, it took 10 days to notify the vendor of the defective invoice, therefore the payment period must be reduced by the number of days in excess of the seven allowed that it took to notify the vendor. The original due date of August 13 minus three days (the number of days in excess of seven days allowed to notify of a defective invoice) results in a due date of August 10.

7. MAKING THE PAYMENT. An objective of the Prompt Payment Act is to have Federal agencies pay their bills on time. "On time" is defined as paying an invoice anytime from seven days prior to the due date, up to and including the due date. The vendor is considered as paid on the date:

- a. Treasury places on the check, or
- b. funds are received by Electronic Funds Transfer at the vendor's financial institution.

For example, if the payment due date is October 30, the invoice can be paid October 23 through October 30 and it will be considered as paid on time.

On a case-by-case basis, the Certifying Officer can determine that earlier payment is necessary. In these cases, a notation shall be made on the invoice stating why the invoice needs to be paid early. The signature of the Certifying Officer on the invoice signifies the Certifying Officer's approval of the early payment.

Payments due on Saturdays, Sundays, or legal holidays when Federal Government offices are closed, are due and may be made on the following business day without incurring interest penalties.

8. DISCOUNTS. If a discount is missed, other than those not taken because of the conversion formula, the Certifying Officer must fully explain the lost discount in the voucher. See Section 8.b. of this Program Statement for the conversion formula. It must be recorded in the Financial Management System (FMS) using Cost Center _22 and Sub-object 2680, Discount Lost.

a. Determining the Discount Date. In determining the discount date, three situations can occur:

(1) The vendor dates the invoice. The date the vendor places on the invoice is the date to be used to calculate the available discount period. The discount period is calculated as the period beginning the day **after** the date the vendor places on the invoice to the discount date. The discount date is determined by taking the date the vendor places on the proper invoice and adding the discount terms to it.

Example:

Invoice Date: June 9
Discount Terms: 2%/10 net 30
Discount Date: June 19 (June 9 + 10)

(2) The vendor fails to date the invoice. Then, the discount period begins **on** the date the proper invoice is received if the invoice is annotated with the date of receipt.

Example:

Invoice Date: None
Invoice Receipt Date: October 26
Discount Terms: 2%/10 net 30

Since the vendor did not place a date on the invoice, the discount period begins on the date a proper invoice is received. The invoice was received on October 26, therefore payment must be made by November 4 (October 26 is Day 1) for the discount to be taken.

(3) The discount terms specify the actual discount due date (e.g., 4% if paid by January 16). You must adhere to this date.

Example:

Invoice Date: May 5
Discount Terms: 2% if paid by May 10
Discount Date: May 10

b. Discount Requirements. The following requirements must be met before a discount can be taken:

(1) Discounts may be taken only when economically beneficial to the Government. This is based on the effective

annual interest rate of the discount terms. The Current Value of Funds Rate (CVFR) must be used when deciding whether to take a discount or not. This rate is determined annually by Treasury and published in the Federal Register.

Discounts will be taken when the discount terms applied in the conversion formula result in an effective annual interest rate equal to, or greater than, the CVFR.

The formula to convert sales discount terms to an effective annual interest (discount) rate to be compared against the CVFR is as follows (also refer to the Treasury Financial Manual, I TFM 8040.30):

Conversion Formula

$$\frac{\text{Discount \%}}{100\% - \text{Discount \%}} \times \frac{360}{\text{Number of Days in Payment Period} - \text{Number of Days Left in Discount Period}^*} = \text{Effective Annual Discount Rate}$$

* The discount period is reduced by the number of days' difference between invoice date and date of receipt.

Example:

CVFR: 8%
Discount Terms: 2%/10 net 30
Invoice Date: March 2
Receipt Date: March 6 (4 days elapsed time)

$$\frac{.02}{1.00 - .02} \times \frac{360}{30 - (10 - 4)} = .306 \text{ or } 31\%$$

Based on this example, the effective annual discount rate exceeds the CVFR and payment should be made according to the discount terms.

Since the number of days left in the discount period can be different for each invoice, this computation must be made for every invoice on which a discount is offered in order to determine if it is economically beneficial to take the discount.

(2) Discounts may be taken only after acceptance of goods and/or services has occurred. Under no circumstances can an invoice be paid early in order to take a discount before the goods/services have been accepted.

Example:

Invoice Date: August 1
Invoice Received: August 5
Goods Accepted: August 15
Discount Terms: 2%/10 net 30

The discount period ended August 11 (August 1 + 10). However, payment cannot be made sooner than August 15, the date the goods are accepted. Therefore, the discount is lost and must be charged to Cost Center _22 and Sub-object 2680, Discounts Lost.

(3) In addition to acceptance of the goods, payment to obtain a discount cannot be made until a proper invoice has been received.

Example 1:

Invoice Date: May 15
Invoice Received: May 21
Goods Accepted: May 13
Discount Terms: 2%/10 net 30

The invoice must be paid by May 25 (May 15 plus 10 days) in order to realize the discount; however, payment cannot be made sooner than May 21, the date the invoice was received. The missed discount must be charged to Sub-object 2680, Discounts Lost.

Example 2:

Invoice Date: June 3
Invoice Received: June 15
Goods Accepted: June 6
Discount Terms: 2%/10 net 30

The discount period ended before the invoice was received (June 3 plus 10 days is June 13). Therefore, the missed discount must be charged to Sub-object 2680, Discounts Lost.

If the purchase order does not state any discount terms, but the invoice does, take the discount based on the terms listed on the invoice. The Contracting Officer must amend the purchase order. If the invoice does not state any discount terms, but the purchase order does, take the discount terms listed on the purchase order. If both the purchase order and the invoice state different terms, take the better of the two. If the invoice terms are taken, the Contracting Officer must amend the purchase order. In any case, if the discount is missed for any reason, it must be charged to lost discounts.

If a discount is taken after the discount period and is not repaid before the payment due date, the interest penalty must be calculated on the amount of the discount taken. The period will begin the day after the specified discount date through the payment date.

9. INTEREST. Any payment that is subject to the Prompt Payment Act and is paid after the payment due date, as well as discounts that were taken in error, require interest to be paid to the vendor automatically, without the vendor requesting the interest payment.

a. Interest Calculation. The following rules are to be followed when calculating interest due on late payments:

(1) Late payment interest will be calculated at the interest rate in effect on the day after the due date. The interest rate is determined by the Secretary of the Treasury and is referred to as the "Renegotiation Board Interest Rate" which is published semiannually (effective January 1 and July 1) in the Federal Register.

Example:

Interest Rate: 1/1 - 6/30 6 6f%
7/1 - 12/31 6 7%

Invoice Due Date: June 29
Applicable Interest Rate: 6f%

Invoice Due Date: June 30
Applicable Interest Rate: 7%

(2) Interest will be computed from the date after the due date through the payment date.

(3) The following formula is used to calculate interest penalties:

Invoice	X	Number of	X	<u>Interest Rate</u>	=	Interest
Amount		Days Overdue		360		Payable

To determine the number of days overdue, the date Treasury dates the check is considered the payment date.

Example:

Due Date: July 31
Payment Date: August 24
Number of Days Overdue: 24 (Payment Date - Due Date)
Invoice Amount: \$7,250.00
Interest Rate: 8 1/2%

Interest Payable:

\$ 7,250.00	X	24	X	<u>.085</u>	=	\$ 41.08
				360		

(4) If the amount calculated is less than \$1.00, no interest payment is made to the vendor.

(5) Interest under the Prompt Payment Act shall not continue to accrue for more than one year.

(6) If a discount is taken after the discount period and is not repaid before the payment due date, interest must be paid on

the amount of the discount taken. See Section 8.b.(3) of this Program Statement.

(7) The number of days available to make a timely payment is reduced by the number of days late in notifying the vendor of a defective invoice. See Section 5.a.(2)(b) of this Program Statement.

b. Interest Payment. The following requirements must be met when paying interest penalties:

(1) Interest may be paid only after the acceptance of the goods or services received. This means that we cannot pay an invoice to avoid further interest penalties until we have proof of acceptance of the goods or services.

(2) A notice must be forwarded to the vendor for each payment which includes interest stating the following:

(a) the amount of the interest penalty included in the payment,

(b) the rate by which the penalty was computed, and

(c) the number of days used to calculate the penalty (the contract number and invoice number should also be included in the notice to assist the vendor in reconciling the payment).

(3) Interest must be calculated and paid whether or not the vendor requested it.

(4) The interest is charged to the Cost Center that procured the item, under Sub-object 4301 - Interest Charges. Temporary unavailability of funds to make a timely payment does not relieve an agency from paying interest penalties.

c. Interest Not Due. Interest is not required:

(1) when payment is delayed because of a disagreement between a Federal agency and a vendor over the amount of the payment or other issues concerning compliance with the terms of the contract;

(2) when payments are made in advance or solely for financing purposes, except for interest payments required under 31 U.S.C. 3902(h)(1) and (h)(2) (not usually applicable in the BOP);

(3) for a period when amounts are withheld temporarily in accordance with the contract; or

(4) for payments on contracts awarded to foreign vendors outside the United States for work performed outside the United

States. The United States means the 50 States and the District of Columbia.

10. ADDITIONAL PENALTIES. The additional penalty payment is made up of two parts: all interest due up to the current date and the additional penalty.

a. Vendor Entitlement. A vendor shall be entitled to an additional penalty payment when the vendor:

- (1) is owed a late payment interest penalty,
- (2) receives a payment after the payment due date which does not include an interest penalty or is less than what is owed (principal or interest), and
- (3) is not paid the interest penalty by the agency within 10 days after the payment is made.

b. Requirements. The vendor must meet the following requirements when requesting the additional penalty:

- (1) the request must be in writing;
- (2) the request must be made no later than 40 days after the date payment is made. To be a valid request,
 - (a) the request must be postmarked by the 40th day after payment was made,
 - (b) if there is no postmark, the request will be valid if OFM receives and annotates it with the date of receipt by the 40th day,
 - (c) if the request is not annotated with the date of receipt, the request will be valid if the date placed on the request by the vendor is within the 40-day period.
- (3) the request must specifically assert that late payment interest is due on a specific invoice and request the payment of all of the overdue late payment interest and any additional penalty that may be required. A copy of the invoice on which the late payment interest was due but unpaid must be attached.
- (4) a certification and date that payment for the principal was received must be attached to the request.

The additional penalty shall be equal to 100 percent of the original late payment interest penalty. For example, if the original late payment interest penalty is \$100, the additional penalty will be \$100. The additional penalty shall not be greater than \$5,000.

Regardless of the amount of the late payment interest penalty, the additional penalty shall not be less than \$25. For example, if the additional penalty is \$12, the vendor will receive an additional penalty of \$25.

When an interest penalty that is due is not paid, interest will accrue on the unpaid amount, until paid. Interest penalties remaining unpaid for any 30-day period will be added to the principal, and interest penalties thereafter will accrue monthly on the total of principal and previously accrued interest.

Additional penalties do not apply to the payment of utility bills because late payment penalties for these bills are determined through the rate-setting process.

Example:

Invoice Amount: \$15,000
Due Date: April 30
Date paid: June 13
Interest Rate: 7%
Overdue Days: 44

On July 21, a written request is received from the vendor for payment of the overdue late payment interest and an additional penalty. Payment is made on the request on August 4. The vendor is entitled to these because:

(a) the vendor was owed a late payment interest penalty of \$128.33:

$$\begin{array}{ccccccc} \$15,000 & & \times & & 44 & & \times & & \frac{.07}{360} & = & \$128.33 \end{array}$$

(b) the vendor received payment of \$15,000 after the payment due date of April 30. The \$15,000 was for the invoice only and did not include the late payment interest penalty of \$128.33.

(c) the vendor did not receive the interest penalty within 10 days after the date payment was made (June 13 + 10 days = June 23).

(d) the vendor made a written request for the payment of the late payment interest penalty and the additional penalty on July 21 which was within 40 days of payment being made (June 13 + 40 days = July 23).

Therefore, the institution now owes the vendor \$257.96 as follows:

- (i) all interest due up to the current date:
\$129.63

Initial interest due to the vendor:

$$\begin{array}{ccccccc} \$15,000 & & X & & 44 & & X & & \frac{.07}{360} & = & \$128.33 \end{array}$$

The principal was \$15,128.33 on June 13. On June 13, the vendor received a payment of \$15,000, therefore the new principal is \$128.33. On this total, 52 more days (June 14 to August 4) of interest accrues as follows:

$$\begin{array}{ccccccc} \$128.33 & & X & & 30 & & X & & \frac{.07}{360} & = & \$.75 \end{array}$$

$$\$128.33 + .75 = \$129.08$$

$$\begin{array}{ccccccc} \$129.08 & & X & & 22 & & X & & \frac{.07}{360} & = & \$.55 \end{array}$$

$$\$129.08 + .55 = \$129.63$$

The interest penalty must be calculated as above because interest penalties remaining unpaid for any 30-day period will be added to the principal, and interest penalties thereafter will accrue monthly on the total of principal and previously accrued interest.

- (ii) the additional interest penalty: \$128.33

This is 100% of the interest that was not paid to the vendor on June 13.

- (iii) the total amount due to the vendor after receipt of the July 21 request: \$257.96

The additional penalty does not apply to payments of utility bills because late payments for these bills are determined through the rate-setting process.

11. UTILITIES. The terms of the Prompt Payment Act do not apply to utility payments if acquired under the terms of other Government entities (i.e., tariffs). If utilities are purchased through contracts or other written requests, the payment terms written in the document prevail. If there is no contract or the contract does not specify payment terms, the applicable tariff applies.

12. RESPONSIBILITIES. The Accounting Supervisor must:

- a. review, at least once each month, the open voucher file and
- b. ensure that all accounting personnel understand and adhere to the Prompt Payment Act requirements.

13. REPORTING REQUIREMENTS. The Prompt Payment Act requires OMB to report Federal agencies' payment practices to Congress by January 28 of each year. Each agency (the Justice Dept., Defense Dept., Labor Dept., etc.) is required to submit an annual report regarding payment practices and the extent to which these practices satisfy the requirements of the Prompt Payment Act to OMB. The Program Statement on Prompt Payment Quality Control Reviews includes the requirements of the Annual Prompt Payment Report.

The report, due to the Director of OMB within 60 days after the end of the fiscal year, must contain the following information:

- a. the number, dollar value, and percentage of invoices for which interest or other late payment penalties are paid;
- b. the amount of the interest penalties paid;
- c. the reason the late payments were not avoided by following the Prompt Payment Act; and
- d. the number, dollar value, and the percentage of invoices paid late without payment of late interest penalties and the reasons why no obligation for late payment was incurred.

\s\
Kathleen M. Hawk
Director